

302 KAR 35:060. Contracts.

RELATES TO: KRS 251.480

STATUTORY AUTHORITY: KRS 251.420

NECESSITY, FUNCTION, AND CONFORMITY: Establishes the minimum provisions for forward pricing and storage contracts used by grain storage establishments licensed under KRS Chapter 251.

Section 1. (1) All contracts under which grain is sold on a forward pricing (delayed pricing) basis shall be in writing and in a form approved by the Kentucky State Department of Agriculture, Division of Weights and Measures. Such forms shall at a minimum provide:

(a) Terms sufficient to comply with relevant requirements of KRS Chapter 355.

(b) The following language in bold type not less than twelve (12) points in size located on the face of all forward pricing (delayed pricing) contracts:

"In selling commodities under this agreement, I, the seller, fully understand that I am transferring title to the undersigned buyer upon delivery, and that after delivery I may be held to be an unsecured creditor of the buyer for the market value of commodities so delivered until the price is established and settlement is completed. If the buyer defaults in his obligation for settlement I may be held to be a common unsecured creditor of the buyer for the value of commodities not settled for."

(2) Forward pricing (delayed pricing) contract means a contract used between a producer and a buyer of grain, soybeans, and oil seed which provides that title to the commodity passes with delivery to the buyer and that payment will be in the form of a sum certain or a sum determined later to be due and payable in the future at a time certain or a time to be specified.

Section 2. Contracts for the cash sales of grain, soybeans and oil seed by a producer to a buyer, other than the contract described in Section 1(2) of this administrative regulation shall at a minimum specify the type, grade and quantity of grain, soybeans and oil seed sold under the contract and clearly disclosed the time and method of payment and the time that title to such grain, soybeans and oil seed passes from the producer to the seller.

Section 3. Applicants for a grain storage establishment license or renewal of a grain storage establishment license shall submit with the application all forms of contracts used by the grain storage establishment for storage or forward pricing (delayed pricing) of grain unless the only contracts utilized for storage or forward pricing (delayed pricing) of grain are standard forms approved and supplied by the Kentucky Department of Agriculture.

Section 4. A grain storage establishment may store grain, soybeans and oil seed under a warehouse receipt as defined in KRS 355.7-101 et seq. without such prior approval of such contract or receipt.

Section 5. Contracts for the storage of grain, soybeans and oil seed shall at a minimum identify the type, grade and quantity of grain, soybeans and oil seed stored under the contract and disclose all charges that will be or may be applied to such stored grain, soybeans and oil seed and any time limitations specified in the contract period.

Section 6. A grain storage establishment may until June 30, 1983, comply with the provisions of Section 1(1)(b) of this administrative regulation by attaching securely to the statement required in Section 1(1)(b) of this administrative regulation to a preprinted contract otherwise approved by the department under the provisions of Section 1(1)(a) of this administrative regulation.

Section 7. Forms appended hereto are approved for use in storage or forward pricing (delayed pricing) of grain and need not be submitted for approval. (9 Ky.R. 388; Am. 780; eff. 2-2-83.)

APPENDIX A

DELAYED PRICE AGREEMENT

DATE:_____ Agreement No._____

Commodities under agreement:_____

It is hereby agreed that I, the undersigned seller, may from time to time, by my own choice, sell and deliver to the undersigned buyer, agricultural commodities as listed above, on which the price is to be established at a later date. I pledge that the commodities delivered pursuant to this agreement shall be free of any lien or encumbrance.

In selling commodities under this agreement, I, the seller, fully understand that I am transferring title to the undersigned buyer upon delivery, and that after delivery I am a creditor of the buyer for the market value of commodities so delivered until the price is established and settlement is completed. If the buyer defaults in his obligation for settlement I may be held to be a common (unsecured) creditor of the buyer for the value of commodities not settled for.

Upon demand by the seller, the buyer is obligated to pay his regular bid price upon the date of demand for the commodities being priced by the seller which have been delivered under this agreement, less any service charge which is due and payable to the buyer. The buyer shall pay the same price as he is bidding for like commodities being delivered to him for sale on that date by other sellers.

For services rendered in connection with this agreement the seller shall be liable to the buyer for delayed price charges as printed on the back of the scale ticket.

Each scale ticket, which is marked for delayed price, hereby becomes a part of this agreement.

Seller Buyer

Address Address

Authorized Signature Authorized Signature